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Oil Gas Salt Resources Trust
2007 - Annual Report

June 30, 2008

The Honourable Donna H. Cansfield
Minister of Natural Resources
90 Wellesley Street West
6th Floor, Whitney Block, Room 6630
Toronto, ON M7A 1W3

Dear Minister Cansfield,

It is my pleasure to submit the 2007 Annual Report of the Ontario Oil, Gas & Salt Resources Corporation.

The recently past 2007 fiscal year continued to be an extremely productive year for the Trust. The Trust continued to invest in converting the data that exists in the Oil, Gas & Salt Resources Library to a more modern and accessible digital format. In addition to continuing to operate the Library as a resource centre for the study of Ontario's geological subsurface, our new and expanding portfolio of digital products are assets to attract investment and interest in Ontario's petroleum, natural gas resources, solution mining and hydrocarbon storage industries.

The industry funded OGSR Library has been and continues working, on a contract basis with the MNR and the Ontario Geological Survey (OGS). These partnerships have allowed the OGSR Library to further its digitization program that to date has completed over 1000 well logs that have been scanned and digitized. This program will allow the OGS to develop further mapping of Ontario's geological subsurface. The MNR partnership will deliver to the MNR a more complete well digitization throughout the Niagara Region and other areas of the province. Final deliverables for the MNR projects are scheduled for completion in August of 2008. The OGS project will continue through 2008.

The Trust website continues to evolve as a tremendous resource for cost effectively distributing data and information about Ontario, essentially creating a virtual Library for users to access when and where they want. Furthermore, the staff ensure that requests from our Ontario constituents as well as those from outside of Ontario are promptly fulfilled hoping to do our part to ensure further investment in Ontario's Oil, Gas and Salt Resources.

Our next fiscal will see the development of more digital data products, enhanced outreach to industry and private well owners and a continuously broader geographical coverage of Ontario.

Sincerely,

Joe Van Overberghe
Managing Director
Ontario Oil, Gas & Salt Resources Corporation

Sample Tray - Well Name: PPC et al No. 1
Location: Essex, Rochester, Lot 17, Concession II EBR (25 km due east of Windsor)
Drilling Date: 1992

Well was drilled to 890m, production at 850m, Age is Ordovician, total production to date 400,000 m3 or 2.5 million barrels.
Originally drilled by Paragon Petroleum Corporation, currently operated by Talisman Energy Inc.

Trust Mission and Objectives

The funding of information management relating to oil, gas and salt resources;

The funding of research, surveys and laboratory facilities and operations relating to:
- oil or gas exploration, drilling or production;
- storage of oil, gas and other hydrocarbons in geological formations;
- disposal of oil field fluids in geological formations; and,
- solution mining of salt.

Such other matters as may be specified by the Minister.

The Oil, Gas and Salt Resources Trust is a non-profit organization, established by the Oil, Gas and Salt Resources Act, which funds information management relating to oil, gas and salt resources; and also funds research, surveys, and laboratory facilities and operations relating to oil or gas exploration, drilling or production, the storage of oil, gas and other hydrocarbons in geological formations, and the disposal of oil field fluid in geological formations.

The Trust is funded by, and provides services to, companies and individuals involved in oil and gas exploration, drilling or production; the storage of hydrocarbons in geological formations, the disposal of oil field fluid in geological formations, and solution mining. Services are also available to the general public, universities and other clients on a cost recovery basis.

The Trust manages the Oil, Gas and Salt Resources Library as a resource centre for the study of the subsurface geology and oil, gas, salt, and subsurface storage and fluid disposal resources of all the potential oil, gas and salt-bearing rocks of Ontario.

The Oil, Gas and Salt Resources Trust specializes in the collection, generation, and dissemination of information and knowledge about the subsurface geology and oil, gas, salt and underground hydrocarbon storage resources of Ontario. It provides its clients in these resource industries with the data they need to conduct their business in the most orderly, safe and efficient way possible, and provides public access to this data at reasonable cost.

The Trust's continuing mandate is to maintain and improve access to existing data, and to develop programs to improve client access to information and to generate new revenue.

Location -

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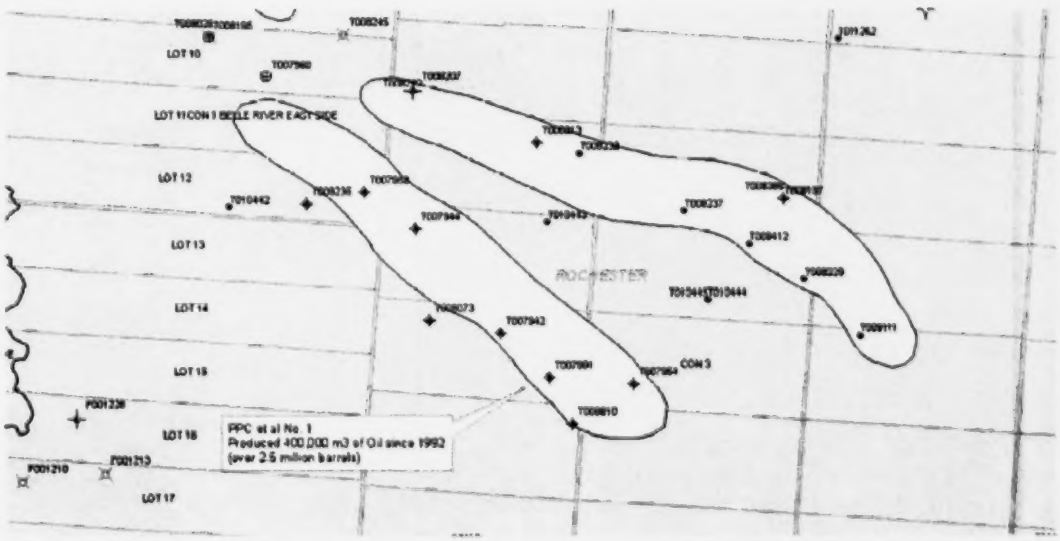
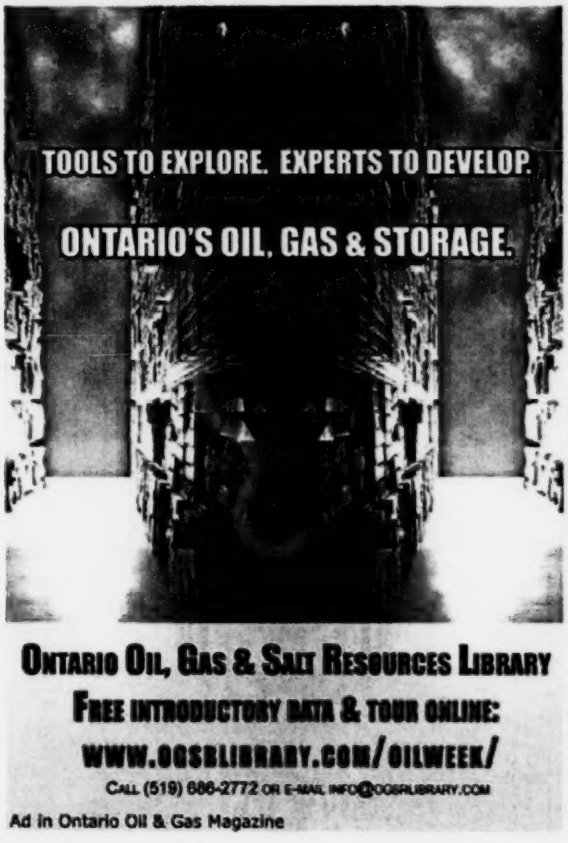


Review - 2007

Oil and Gas Industry Activity
Drilling activity in Ontario showed an decrease in 2007 over 2006. Oil prices were strong throughout the year due to supply concerns related to the world geopolitical and low inventory levels of refined petroleum products in the United States. Natural gas prices recovered from the low levels of 2006 due to increased demand on inventories throughout the summer and winter seasons. The record highs were seen in 2005, were not matched and the impact of the rising Canadian dollar mitigated some of the price gains.

Despite higher commodity prices preliminary figures indicate production of oil and natural gas declined in 2007. Oil production in 2007 totalled 107,687 cubic metres compared to 124,658 cubic metres the previous year. This is due primarily to decreased exploration effort in the Ordovician oil play. Preliminary figures for natural gas indicate production declined to 292 million cubic metres compared to 340 million cubic metres in 2006, due primarily to lower production from wells on Lake Erie. Estimated value of production was $52.3 million for oil and $82.3 million for natural gas, compared to $57.1 million and $97.9 million for oil and gas respectively the previous year. The increase in oil value was due to higher world prices. Natural gas prices were up as part of an overall North American trend, however much of this increase was offset by the rise in the Canadian dollar.

Hydrocarbon storage capacity in underground storage facilities in Ontario was unchanged from the previous year. Natural gas storage capacity totalled 6,857 million cubic metres with a product value, when filled to capacity, of approximately $2 billion. Storage capacity of liquid petroleum products in underground storage caverns totalled 3.5 million cubic metres with a product value in excess of $2 billion depending on the world price for crude oil.


TOOLS TO EXPLORE. EXPERTS TO DEVELOP.
ONTARIO'S OIL, GAS & STORAGE.
ONTARIO OIL, GAS & SALT RESOURCES LIBRARY
FREE INTRODUCTORY DATA & TOUR ONLINE:
WWW.OGSRLIBRARY.COM/OILWEEK/
CALL (519) 686-2772 OR E-MAIL INFO@OGSRLIBRARY.COM
Ad in Ontario Oil & Gas Magazine

Digital Well Data
Well location and data verification continued aggressively to update the Ministry of Natural Resources' (MNR) database with digitized well information. Two temporary employees spent approximately 3000 man-hours inputting data on a county-by-county basis. The results of this effort produced completely updated and verified digital data for much of Southern Ontario. Value-added data, including geological formation tops, oil, gas and water interval depths, and intervals with geophysical logs can be purchased from the Library.

Digital Maps
At year-end, the OGSR Library continued to be capable of plotting digital copies of maps that were previously only available as reproductions of old maps from MNR archives. The Library regularly fulfills requests plotting Base Maps, Well Location Maps, Spacing Orders, Counties and Township Maps, and Pool and Pipeline Maps.

Sample Processing
A summer student was hired in 2007 to concentrate on reducing the number of backlogged sample washings. Drill cutting samples for wells were washed, vialed and permanently stored in the OGSR Library warehouse.

Marketing and Website
Revisions to the OGSR Library website were ongoing during 2007: regular features included the posting of free digital well data, bit map images of maps available in the OGSR Library, weekly new licence reports, monthly activity reports, and additional reference material. Users of the website also have the ability to make specific requests of the OGSR via the website.

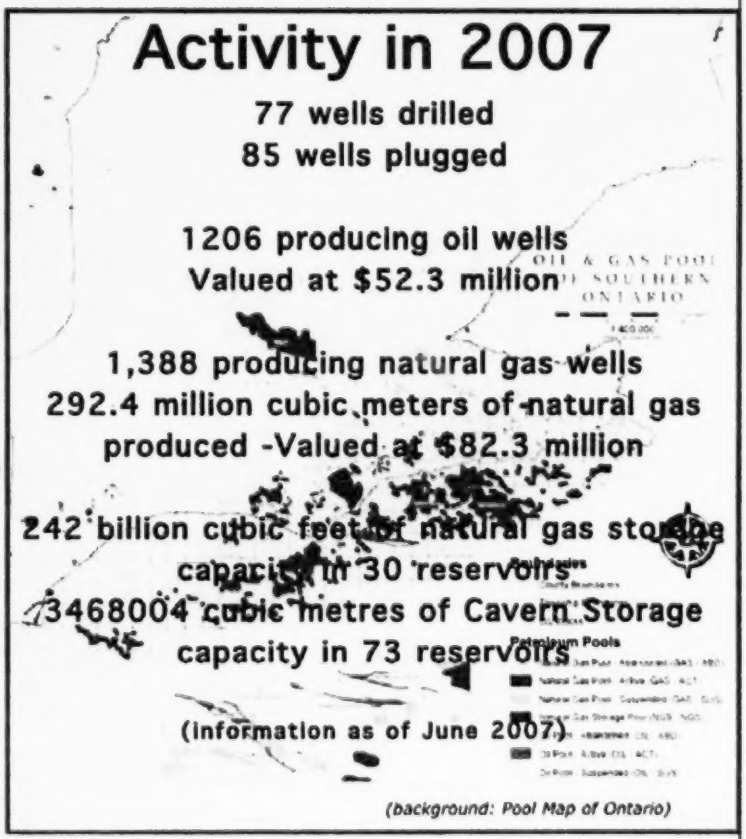
Exploration Activity[1]

A total of 91 licences to drill and operate new wells were issued by the Ministry of Natural Resources in 2007, compared to 146 in 2006. An additional twenty-two licences were issued for plugging of orphan wells, 5 existing wells were licensed for oil production from historical oil fields and 15 existing wells were licensed for production as private gas wells.

Drilling of 77 new wells was reported in 2007, compared to 94 wells drilled in 2006. These consisted of 19 exploratory wells, 31 development wells and 27 service wells. Three horizontal wells were drilled during the year. 2007 exploratory drilling resulted in 6 wells reported as gas producers and one well reported as a potential oil producer(Table 1; Figure 1).

Successful development drilling was down from 2006 with 3 wells reported to be oil producers, 19 as gas producers and 3 as private gas wells, compared with 5 oil producers, 27 gas producers and 12 private gas wells in 2006. Successful oil wells were completed in Ordovician and Devonian targets, with gas completions occurring in Silurian sandstone reservoirs in Norfolk and Elgin counties. No wells were drilled offshore Lake Erie in 2007.

The number of successful exploration wells drilled in Ontario was down from 14 in 2006 to 7 in 2007, mainly due to an absence of activity on Lake Erie.


Activity in 2007
77 wells drilled
85 wells plugged
1206 producing oil wells
Valued at $52.3 million
1,388 producing natural gas wells
292.4 million cubic meters of natural gas produced -Valued at $82.3 million
242 billion cubic feet of natural gas storage capacity in 30 reservoirs
3468004 cubic metres of Cavern Storage capacity in 73 reservoirs
(information as of June 2007)
Petroleum Pools
(background: Pool Map of Ontario)

1.Oil and Gas Exploration and Development Activity in
Ontario in 2007
M.R. Lazorek1 and T.R. Carter2

Future Directions

While the library continues to upgrade in service and facilities at the Oil, Gas & Salt Resources Library, the following projects and initiatives will be undertaken in 2008:

Digital Database

The Trust will continue working in partnership with the MNR to build, maintain and market a digital database of geological and engineering information on wells drilled in Ontario through the MNR's Ontario Petroleum Data System (OPDS). By the end of 2008, data and location verification for Southern Ontario's counties will completed, as well as all of Lake Erie.

The Trust continues its work with the Ontario Geological Survey and will be completing the first part of hopefully an ongoing project of scanning and digitizing well logs. These will be available to our membership after being forwarded to the OGS. As with all projects, it is hoped that the availability of this product will spur continued research into Ontario's geology and the petroleum industry.

In addition to verifying data and publishing up-to-date maps, the Library has begun work on allowing direct access to the data in the Library by users, leading eventually to accessing the data and the digital base maps over the Internet or on remote computers. Access to digital data will help to encourage the sustainable development of Ontario's resources by existing industry participants, as well as attracting new investment to the province.

Future Research Initiatives

Future research initiatives of the OGSR Trust will continue its focus on emerging and environmental issues in Ontario and Canada. There has been recent media recognition of potential global supply problems regarding oil and gas. In particular the declining gas delivery capacity from Western Canada. In this regard, the OGSR Trust shall fund projects that further enhance Ontario's energy self-sufficiency, in particular, the contribution of natural gas as an energy alternative to coal. Other areas of future research may include calcium brine production, compressed air energy storage, carbon sequestration, cavern storage of natural gas and shale gas.

The Library will continue to offer its services to Conservation Authorities with the recent passage of Clean Water Act and its upcoming regulations. Specifically the OGSRL will offer its services to the local committees through the Conservation Authorities allowing them to have the clearest data with respect to the Oil, Gas, Salt Solution and Natural Gas and Petroleum product storage. The Library will also work with industry, targeting any petroleum downstream organizations that wish to develop their industry in Ontario.

150th Anniversary of Commercial Oil in North America - 2008

With such a unique anniversary coming to Ontario, specifically to Oil Springs the OGSRL, will be working with the Celebrations throughout late 2007 through 2008. It will be a time to recognize the petroleum industry that has grown from Ontario and provided so much to Ontario's and Canada's economies.

Notes about financial issues:

Please read all financial notes.

Also note that at the time of audit, the Lease on the facility, currently occupied had not yet been renewed.

Questions Related to the OGSRL:

Joe Van Overberghe, Managing Director
Oil Gas and Salt Resources Library
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Grant Thornton

Financial Statements

Oil, Gas and Salt Resources Trust

December 31, 2007

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Auditors' Report

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To the Members of
Oil, Gas and Salt Resources Trust

We have audited the balance sheet of the Oil, Gas and Salt Resources Trust as at December 31, 2007 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the organization, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Oil, Gas and Salt Resources Trust as at December 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

London, Ontario
April 1, 2008

Chartered accountants
Licensed Public Accounts

Oil, Gas and Salt Resources Trust
Statement of Earnings

Years Ended December 31	2007	2006
Revenue		
Well licence fees	$ 137,594	$ 121,916
Sample processing fees	23,594	32,443
Ministry of Natural Resources – Niagara well program	45,000	30,000
Ontario Geological Survey	29,700	34,000
Labour and clerical	14,188	9,762
Memberships	27,205	29,545
Lab user fees	868	1,354
Publications and data	20,071	15,986
Interest and foreign exchange	6,822	5,446
	305,042	280,452
Expenses		
Wages and employee benefits	75,727	78,744
Contract and co-op wages	75,724	60,075
Processing supplies	6,112	9,424
Waste removal	553	399
Sundry	13,314	13,258
Trust management fee	7,500	7,500
Trust services fee	7,500	7,500
Professional fees	5,275	5,000
Office expenses	7,510	4,657
Postage and telephone	3,625	3,868
Publication expense	1,016	-
Insurance	3,727	4,302
Travel	273	299
Rent	53,142	57,073
Amortization	2,726	2,541
	263,724	254,640
Earnings before allocation	41,318	25,812
Allocation to the Province of Ontario	(41,318)	(25,812)
Net earnings	$ -	$ -

See accompanying notes to financial statements.

Oil, Gas and Salt Resources Trust
Statement of Retained Earnings

Years Ended December 31	2007	2006
Retained earnings, beginning of year	$ -	$ -
Net earnings (Page 2)	-	-
Retained earnings, end of year	$ -	$ -

See accompanying notes to financial statements.

Oil, Gas and Salt Resources Trust
Balance Sheet

As At December 31	2007	2006
Assets		
Current Assets		
Cash	$ 35,855	$ 19,980
Investments held for trading	149,862	133,934
Accounts receivable	169,294	146,991
Inventory of supplies	7,977	5,232
Prepaid expenses	5,826	764
	368,814	306,901
Capital Assets (Note 4)	8,382	9,024
	$ 377,196	$ 315,925
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 13,618	$ 12,259
Unearned revenue	27,246	8,651
Payable to the Province of Ontario	336,332	295,015
Total liabilities	377,196	315,925
Equity		
Retained Earnings (Page 3)	-	-
	$ 377,196	$ 315,925

Commitments (Note 5)

On behalf of the Trustee

See accompanying notes to financial statements.

Oil, Gas and Salt Resources Trust
Statement of Cash Flows

Years Ended December 31	2007	2006
Increase (decrease) in cash		
Operating		
Cash received from customers	$ 294,512	$ 281,491
Cash payments to suppliers for goods and services	(116,544)	(111,732)
Cash payments to employees	(150,903)	(137,873)
Interest received	6,822	5,446
	33,887	37,332
Investing		
Purchase of capital assets	(2,084)	(1,717)
Purchase of investments held for trading	(252,507)	(226,388)
Proceeds on the redemption of investments held for trading	236,579	203,814
	(18,012)	(24,291)
Change in cash	15,875	13,041
Cash, beginning of year	19,980	6,939
Cash, end of year	$ 35,855	$ 19,980

See accompanying notes to financial statements.

Oil, Gas and Salt Resources Trust
Notes to the Financial Statements
December 31, 2007

1. Nature of operations

Pursuant to the Oil, Gas and Salt Resources Act, R.S.O 1990, the Trust was formed by the Ontario Ministry of Natural Resources. A trust agreement, dated February 16, 1998, was signed with the original trustee, the Ontario Oil, Gas and Salt Resources Corporation. The purpose of the Trust is to provide for the funding of research, surveys and laboratory facilities relating to the oil and gas industry. Pursuant to the trust agreement, the net assets of the Trust accrue to the benefit of the Province of Ontario. The monetary value of this entitlement is reflected within current liabilities as "Payable to the Province of Ontario."

2. Summary of significant accounting policies

(a) Revenue recognition

Fees and other revenue received in advance are deferred and recognized as income at the time the related expenditures are incurred. Members' fees as set by the Board of Directors are recognized as revenue on a fiscal year basis. Investment revenue is recognized within the month in which it is earned.

(b) Cash

Cash includes cash on hand, balances with banks, net of outstanding cheques.

(c) Investments held for trading

Financial instruments designated as investments held for trading consist of cashable guaranteed investment certificates with Canadian banks and are carried at market value. The weighted average interest rate of the guaranteed investment certificates is 4.00% (3.5% as at December 31, 2006). Investments held for trading are measured at fair value at each reporting date and any unrealized gains or losses are recognized in net earnings for the period in which they arise.

(d) Inventories

Inventories are valued at the lower of cost and current replacement value. Cost is determined on an original cost basis.

(e) Amortization

It is the Trust's policy to provide for amortization of capital assets on the following basis:

Furniture and fixtures	20% declining balance
Computer hardware	3 years, straight-line
Computer software	100%

(f) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate. Revenues and expenses are recorded at average rates of exchange. Translation gains and losses are included in earnings.

2. Summary of significant accounting policies (continued)

(g) Use of estimates

In preparing the Trust's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(h) New Accounting Standards

Effective January 1, 2007, the Company adopted Sections 1530 "Comprehensive Income", 3855 "Financial Instruments – Recognition and Measurement" and 3865 "Hedges" issued by the Canadian Institute of Chartered Accountants. Therefore, the Trust has recognized all of its financial assets and liabilities according to those standards. These new standards had no significant effect on the Trust's financial statements.

The CICA has issued the following new Handbook Sections that will become effective for the Company on January 1, 2008:

CICA Handbook Section 1535, "Capital Disclosures"
CICA Handbook Section 3031, "Inventories"
CICA Handbook Section 3862, "Financial Instruments – Disclosures"
CICA Handbook Section 3863, "Financial Instruments – Presentation"

CICA Handbook Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The entity's disclosure should include information about its objectives, policies and processes for managing capital and disclose whether or not it has complied with any capital requirements to which it is subject and the consequences of non-compliance.

CICA Handbook Section 3031 provides more guidance on the measurement and disclosure requirements for inventories than the previous CICA Handbook Section 3030.

CICA Handbook Section 3862 modifies the disclosure requirements for CICA Handbook Section 3861, "Financial Instruments – Disclosure and Presentation", including required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. CICA Handbook Section 3863 carries forward the presentation requirements of CICA Handbook Section 3861.

3. Financial instruments

(a) Fair value of financial instruments

The fair values of cash, investments held for trading, accounts receivable, accounts payable and accrued liabilities, and amounts payable to the Province of Ontario approximate their carrying value, unless otherwise noted.

3. Financial instruments (continued)

(b) Financial risk

The Trust is exposed to financial risk with respect to foreign exchange rates and the degree of volatility of these rates. The Trust does not use derivative instruments to reduce its exposure to foreign currency risk.

(c) Credit risk

The Trust is exposed to credit risk with respect to its accounts receivable. However, this is minimized by the Trust's customer base, which covers different consumer and business sectors. The Trust maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

4. Capital assets

	Cost	Accumulated Amortization	2007 Net Book Value	2006 Net Book Value
Furniture and fixtures	$ 31,557	$ 25,816	$ 5,741	$ 7,176
Computer hardware and software	23,873	21,232	2,641	1,848
	$ 55,430	$ 47,048	$ 8,382	$ 9,024

5. Commitments

The Trust leases office equipment and premises under operating leases, which will expire on varying dates in 2011. The minimum annual payments due under these leases are as follows:

2008	$ 67,641
2009	$ 67,641
2010	$ 67,641
2011	$ 17,198

6. Ministry of Natural Resources – Niagara well program

In 2007, the Trust entered into a contract with the Ministry of Natural Resources for the Province of Ontario to verify, update and edit digital petroleum well records in the Ontario Petroleum Data System. Fees are prorated over the term of the contract. The total fee is not to exceed $40,000. As of December 31, 2007 this project was 75% completed. Also earned in the year was $15,000 relating to the project contract for the 2006/2007 project period.

7. Comparative figures

Certain of the 2006 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2007. These reclassifications have no material affect on the financial statements.

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Financial Statements

Ontario Oil, Gas and Salt Resources Corporation

December 31, 2007

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Notice To Reader

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To the Shareholder of
Oil, Gas and Salt Resources Corporation

On the basis of information provided by management, we have compiled the balance sheet of Oil, Gas and Salt Resources Corporation as at December 31, 2007 and the statement of earnings and retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Grant Thornton LLP

London, Ontario
April 1, 2008

Chartered accountants
Licensed Public Accounts

Ontario Oil, Gas and Salt Resources Corporation
Statement of Earnings and Retained Earnings

Years Ended December 31	2007	2006
Revenue		
Trustee management fee	$ 7,500	$ 7,500
Trustee service fees	10,412	10,566
	17,912	18,066
Expenses		
Management fees – Ontario Petroleum Institute Inc.	7,500	7,500
Insurance – directors and officers	2,912	3,066
Administration	7,500	7,500
	17,912	18,066
Net earnings	$ -	$ -
Retained earnings, beginning of year	$ -	$ -
Net earnings	-	-
Retained earnings, end of year	$ -	$ -

Unaudited
Notice To Reader Appended

Ontario Oil, Gas and Salt Resources Corporation
Balance Sheet

As At December 31	2007	2006
Assets		
Current Asset		
Cash	$ 1	$ 1
Shareholder's Equity		
Share Capital		
Authorized:		
1 Common share		
Issued:		
1 Common share	$ 1	$ 1

On behalf of the Board

R Nash
Director

Director

Unaudited
Notice To Reader Appended